



JON M. HUNTSMAN, JR.  
Governor

GARY R. HERBERT  
Lieutenant Governor

**State of Utah**  
**DEPARTMENT OF NATURAL RESOURCES**  
**Division of Oil, Gas & Mining**

MICHAEL R. STYLER  
Executive Director

JOHN R. BAZA  
Division Director

October 10, 2006

Great Basin Bank of Nevada  
487 Railroad Street  
PO Box 2808  
Elko, NV 89803

Attention: Paul Averett  
775-748-4424

Subject: Reclamation Surety, Certificate of Deposit for Alan Newman dba Grandstone,  
New -6 Mine Site S/027/111, Millard County, Utah, BLM Serial Number UMC 379578  
Certificate of Deposit no. , Principal Amount \$12,000.00

This letter describes the mutually agreed upon instructions of the below signed parties to Great Basin Bank of Nevada Bank ("Bank"), regarding the control, redemption, and release of Bank's above-described certificate of deposit ("CD"), which is being used as a surety to guarantee the availability of reclamation funds for the New-6 mine site ("Mine Site"), Millard, County, Utah. It is the intention of the parties that the CD be utilized as surety to guarantee that \$12,000.00 in reclamation funds will be available to the State of Utah, Division of Oil, Gas & Mining ("Division") and the BLM (agency, i.e. BLM, USFS, etc.) upon demand in the event that the operator(s) of the Mine Site are unable or unwilling to complete reclamation of the mine site in compliance with applicable state law and regulations.

**Ownership and Renewal:**

Ownership of the CD is retained by Alan Newman dba Grandstone, a sole proprietor but it is held by Bank for the benefit of the State of Utah, Division of Oil, Gas & Mining and BLM (agency) and is subject to the terms and conditions described in this agreement. Bank hereby acknowledges the pledge of the aforesaid CD to the Division and the BLM and agrees to record the information in the bank's written and electronic records of book entry. Further, the bank acknowledges and agrees that it shall hold the moneys represented

☒ **APPROVED**

Attachment A

by the CD's as a custodian and agent for the Division and shall be liable to the Division for any and all losses to the principal amount of the aforesaid CD caused in any manner whatsoever during the terms of this agreement. The CD shall automatically renew indefinitely until either redeemed or released by the Director of the Division. The Division may request CD information on an occasional basis. This letter grants approval by Alan Newman dba Grandstone for the bank to provide CD information to the Division any time an inquiry is made via telephone, email, or letter.

**Redemption:**

The CD may only be redeemed (i.e., called on demand), pursuant to the written instruction or demand of Director of the Utah Division of Oil, Gas & Mining. Upon the instruction and demand of the Director, the full initial amount of the CD shall be transferred to the State of Utah, Division of Oil, Gas and Mining. Owners agree and irrevocably instruct Bank that neither the Owner(s), nor any other person claiming an ownership interest in the CD which is derived from the Owners, shall have the authority to prevent the Bank from carrying out the Director's instruction to redeem the CD. Upon redemption, any accrued interest in excess of the initial amount of the CD shall be transferred to Owners' control, or if Owners do not instruct the Bank, the accrued interest shall be reinvested in the CD. If a signature card is prepared, it shall be drafted consistent with the requirement that only the Director of the Division may redeem the CD.

**Release:**

The Bank shall release the CD only upon the written instruction of the Director of the Division to the Bank. Upon release, the terms and conditions of this agreement are no longer in effect, and the unconditioned control of the CD shall be returned to the Owners, or their legal successors-in-interest. In the event of Bank cancellation of the Certificate of Deposit, the Division may transfer the certificate of deposit monies into a state managed cash account to assure or complete reclamation if the Operator does not replace the Certificate of Deposit within the ninety days of Bank cancellation notice. If the Bank is under a forced cancellation, the Division will immediately request the transfer of the CD funds to a Utah state managed cash account.

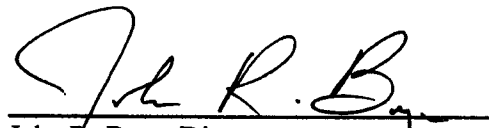
**Accrued Interest:**

Prior to release or redemption, all interest which accrues by the CD shall be 1) dispersed quarterly to the Owner(s) as the Owner(s) may instruct the Bank, or 2) shall be reinvested in the CD until such time the Owner(s) may instruct the Bank where to transfer such interest. In no event shall the Bank transfer any

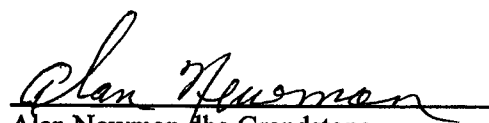
amount from the CD which would cause the redemption amount of the CD to be less than the initial amount, \$12,000.00. All tax liabilities for accrued interest shall remain the sole responsibility of the Owners.

**Bank will not be held liable for any dispute between the parties.**


Agreed Upon By:

  
John R. Baza, Director  
Utah Division of Oil, Gas & Mining

Date: 1/16/07

  
Alan Newman dba Grandstone  
Tax ID Number:

Date: October 13, 2006

  
Angela Thomas, Commercial Loan Officer  
Great Basin Bank of Nevada

Date: October 9, 2006